सरकार ने रुग्ण औद्योगिक कम्पनियों के कार्यचालन की देख रेख करने तथा उनके पुनर्जीवन के लिए यथा उपयुक्त योजना बनाने तथा स्वीकृत करने के लिए औद्योगिक तथा वित्तीय पुनर्निर्माण बोर्ड की स्थापना की है।

India's tax base hit by illegal billings

*3. SHRI VIREN J. SHAH:
SHRI PRAMOD MAHAJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to a report published in the 'Statesman' of 2nd February, 1996, under the heading "India's tax-base hit by illegal billings";

(b) if so, the details thereof;

(c) the details of each case that has come to Government's notice about the alleged illegal siphoning of money abroad by the Indian/companies/businessmen shifting their taxable income out of the country and the estimated capital involved;

(d) what action has been taken against the person involved; and

(e) the steps Government have so far taken or propose to take to check such fraudulent deals?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) Yes Sir, the Government has seen the report published in the Statesman of 2nd February, 1996 which refers to a study made by Dr. John Zdanowicz. According to this study, the estimated capital outflows from India during 1993 ranged from $ 4422 million to $ 1622 million, which has been arrived at by comparing India's import and export prices from and to the United States to average and adjusted average US-World import and export prices. It, however, ranges from $ 1065 million to $ 370 million if India's import and export prices are compared to average and adjusted average United States-India import and export prices. The study concludes that the outflow of capital has been due to under-invoicing of exports and over-invoicing of imports.

This study has used only US generated data on imports from and exports to India and compared the same either with India's US import/export prices or with US-world import/export prices. Such a method is not free from pitfalls for the purpose of estimating capital flight. The pricing of commodities in international trade depends on a variety of factors such as, brand values, quality, volume, physical properties, etc., and applying average in such circumstances can lead to erroneous conclusions. The estimates of capital flight, as given in the study have to be considered in this background.

(c) and (d) A number of cases have come to Govt's notice allegedly involving exports for claiming benefits under the various export incentive schemes. The details of three illustrative cases in which siphoning of funds has been noticed are given in the Statement. (*See* below).

(e) The Government has increased its vigilance to tackle cases of misdeclaration of value and proposes to extend computerisation to all Customs operations and to monitor declaration of prices as a means to assist the assessing officers in the determination of value of both imports and exports.

Statement

List of cases involving siphoning of foreign exchange

S. No.	Persons involved	Brief facts	Amount involved	Action taken
1.	South Indian Bank, Bombay and various fictitious firms.	During 1991 and 1994, nine bank accounts were opened in the name of various Fictitious Firms and deposits into these accounts were received in cash. Remittances of about US $ 84 million were effected to parties based in Hongkong/Singapore/Dubai against bogus import documents.	Rs. 269 crores	Manager of the Bank was arrested. 4 recipients of remittances are absconding.
2.	B. C. Enterprises, CK International, Pearls International, Jay Bombay Enterprises, Raj Impex.	Remittances were made by opening fictitious accounts and using bogus documents.	Rs. 92 crores	7 persons have been arrested. Further investigation are in progress.
3.	Rama Newsprints and Papers Ltd., Surat.	More than 7 years old newspaper recycling plant imported from Canada, USA and Finland by grossly over-invoicing to the tune of US $ 5.7 million.	Rs. 2.05 crores	Redemption Fine of Rs. 1.5 crores and Personal Penalty of Rs. 15 lakhs has been imposed.

Realisation of direct and indirect taxes

*4. SHRI K. M. KHAN:
SHRI SANJAY DALMIA:

Will the Minister of FINANCE be pleased to state:

(a) the target fixed for the realisation of direct and indirect taxes;

(b) the amount of direct and indirect taxes pending for realisation as on date;

(c) the plans drawn up for the expeditious collection of outstanding taxes; and

(d) the steps taken to bring to book the tax evaders, particularly the big multinational companies and film personalities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) The targets fixed as per budget estimates for the year 1995-96 and amounts pending realisation in respect of major Central taxes are as under:—